

**NEW YORK UNIVERSITY**  
*A private university in the public service*

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**BONNIE BRIER**

*Senior Vice President, General Counsel  
and Secretary of the University*

April 19, 2013

The Honorable Charles Grassley  
United States Senator  
Attention: Christopher Lucas, Esq., Oversight Counsel  
Senate Dirksen Office Building, Room 224  
Washington, D.C. 20510

**RE: NYU: Second Submission; NYU Loan Programs**

Dear Senator Grassley:

You have requested that NYU provide you with certain information related to NYU's loan programs. This submission is responsive to Requests 3, 4, 5, 9, 10, and 11 in your letter to NYU dated March 15, 2013, and contains documents Bates numbered NYU-G0001000-1161. NYU is continuing to collect and process additional responsive materials. We expect to be back to you very shortly about your requests concerning Secretary Lew. We note, however, that the loans to Secretary Lew when he worked at NYU were not pursuant to any of the NYU loan programs described in this submission.

As previously explained in my letter of March 29, 2013, NYU is located in the highest cost-of-living area in the country. NYU loan programs are one part of an initiative that has transformed New York University over the last several decades from a regional, largely commuter, school to one of the top ranking research universities of the world. A core tenet of the transformation was to create a cohesive academic community – to have faculty, students, and senior administrators living near the campus where they can more readily commit to and interact in university life, including academic and extracurricular activities (and, in the case of senior administrators, where they can be available around the clock). To this end, NYU purchased and leased dormitories for students and acquired housing that it leased to faculty and senior administrators. Unable to provide sufficient housing for faculty and senior administrators, loan programs provide an important alternative means to enable faculty and senior administrators to acquire housing in New York City.

The creation of a vibrant and resident academic community has served to facilitate the heart of the transformation initiative – the recruitment of the “best and brightest” faculty and students from throughout the United States and the world. Recruiting and retaining accomplished faculty and senior administrators is critical to NYU's continued success

and to its aspirations to continue to advance. NYU loan programs, while primarily targeted for the purchase of principal residences accessible to campus, also can assist in meeting other financial needs of the accomplished faculty and senior administrators that NYU seeks to recruit and retain in a highly competitive market for such talent. NYU's peer institutions typically also have loan programs and other housing assistance programs for faculty and senior administrators.

Because these loans are directly related to NYU's exempt purposes, NYU did not treat income from the loans as unrelated business taxable income. With respect to below-market interest rates charged on loans, NYU imputes interest at the applicable federal rate and reports imputed income on the employee's Form W-2 pursuant to Internal Revenue Code Section 7872 to the full extent required by law.

We are enclosing materials that describe NYU's current loan programs. As you will see, loans issued by the University are approved by the Compensation Committee of the Board. The Compensation Committee has "preapproved" certain types of loans, which do not require individual approval. Among the housing loans that must be approved individually by the Compensation Committee are loans to employees whose base compensation exceeds either \$300,000 or 105% of the prior maximum level of salary for the employee's school or college of the University (with forgivable amounts, imputed interest, and nonstandard benefits included in compensation for these calculations), loans to "disqualified persons" as defined under Section 4958 of the Internal Revenue Code, loans secured by other than a primary residence, loans which, in the aggregate, exceed \$1 million to a single employee or zero interest loans in excess of \$300,000 to a single employee, and loans outside of the pre-approved sets of loans described in the program.

As you note, "the Internal Revenue Service placed shared appreciation mortgages on its "No Ruling" list in 1983" (e.g., Rev. Proc. 2013-3). However, the IRS, excepts personal residence loans similar to those in Rev. Rul. 83-51. NYU believes that its loans generally are similar to those in Rev. Rul. 83-51. We are including certain materials regarding the benefits of shared appreciation mortgages for your information.

Per your request, we are today enclosing:

- (1) Summary of University Loan Programs
- (2) NYU Housing Assistance Program Policy and Guidelines
- (3) NYU General Loan Program Policy and Guidelines
- (4) Board of Trustees Minutes (Redacted) dated 5-7-02
- (5) Presentation to Compensation Committee On Housing Loan Programs dated 5-18-04
- (6) Compensation Committee Minutes (Redacted) dated 5-18-04
- (7) Compensation Committee Minutes (Redacted) dated 5-8-06
- (8) Compensation Committee Minutes (Redacted) dated 4-30-07

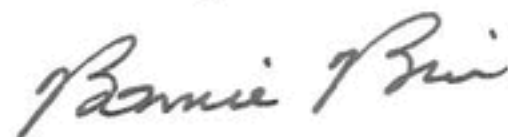
- (9) Summary of Affordable Mortgage Program Loan
- (10) Summary of Zero Interest Program Loan
- (11) Materials Relating to Shared Appreciation Mortgages
  - a. Testimony of Federal Reserve Chairman Benjamin Bernanke including Shared Appreciation Mortgages
  - b. Ocwen Shared Appreciation Program
  - c. Bankrate article "Lenders Offer Cut Rates Now for a Future Piece of Your Pie," dated 9-7-00
  - d. Wall Street Journal Opinion "We Can Keep People in Their Homes," Regarding Shared Appreciation Mortgages dated 10-29-08
  - e. Brookings Institute Discussion Paper "Facilitating Shared Appreciation Mortgages to Prevent Housing Crashes and Affordability Crises," dated 9-08

As you know, counsel has advised us that the information NYU provides would be protected from public disclosure if the materials were provided to the IRS (Section 6103 and other provisions) or to Executive Branch agencies (FOIA exemptions), but that no such limitation governs the Congress. Accordingly, we respectfully request that you and your staff not release to the media or public any information relating to NYU marked as non-public without compelling reasons to do so. We have accordingly marked the documents.

Finally, as with the first submission, we respectfully request that staff contact Steve Ryan (202-756-████; █████@mwe.com) or, in his absence, his partner Paul Thompson (202-756-████; █████@mwe.com), as questions or issues arise.

Many thanks for your consideration.

Sincerely,



Bonnie Brier